United States Department of Agriculture

Foreign Agricultural Service

Circular Series

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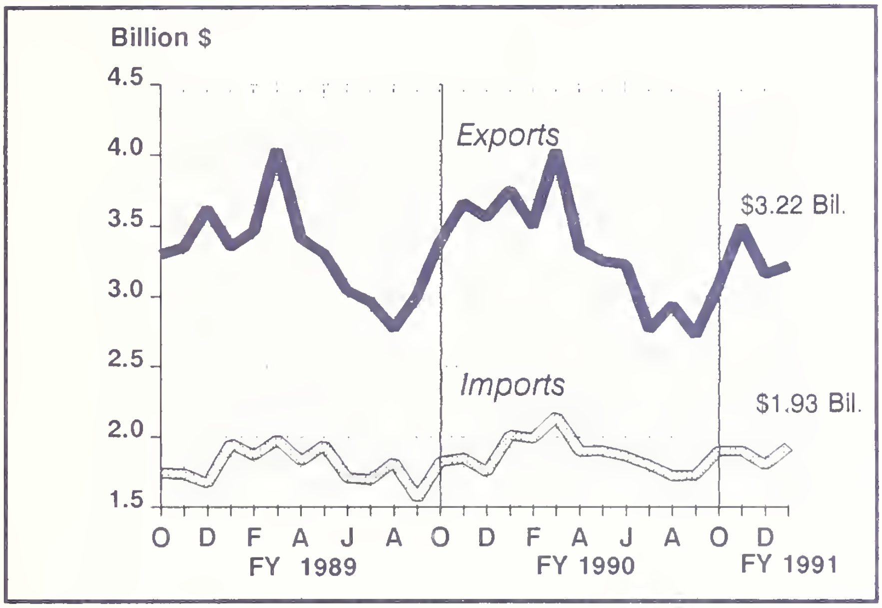
March 1991

AGRICULTURAL TRADE HIGHLIGHTS

January Exports Continue Declining Trend, Imports Down Slightly



January trade statistics released on March 20 by the Commerce Department placed the month's U.S. agricultural export value at $3.22 billion. This figure was roughly unchanged from December but down 14 percent from year-ago levels, perpetuating a five-month declining trend. January's performance brought the cumulative export total (October-January) for fiscal 1991 to $13 billion, down 10 percent from the same period last year. Export volume for January equaled 11 million tons, up 7 percent from December, but again short of last January's figure by 25 percent.

Sharp drops in grain and soybean exports continue to be the driving force behind the declining trend in U.S. agricultural exports. For January, the value of wheat exports fell by 46 percent, rice was down 38 percent, corn was off by 42 percent, and soybeans experienced a drop of 24 percent from last year's levels. Export volume of these commodities mirrored the percentage declines in value with the exception of wheat--wheat volume fell only 15 percent from year-ago levels compared to a 31-percent drop for December. In contrast, U.S. exports of consumer-oriented high-value commodities continue to show promise. Among the major commodities showing sizeable value gains were red meats (up 24 percent), poultry meats (up 31 percent) and horticultural products (up 9 percent).

Agricultural imports for January amounted to $1.93 billion, bringing total fiscal year-to-date imports to $7.55 billion. January's figure is down 4 percent from last year's total but slightly higher than December's total of $1.8 billion. This, combined with export performance, puts January's agricultural trade surplus at $1.29 billion, $450 million below last year's surplus.

Export performance with the top 10 U.S. trading partners was mostly down for January, with only three advances and seven declines. Mexico was up 11 percent, Canada rose 5 percent, and Hong Kong was the bright spot with an increase of 72 percent. Among the trading partners showing declining export purchases, the Soviet Union once again led the pack with a drop of 59 percent.

Revisions to the fiscal 1991 projections as published by the World Agricultural Outlook Board on February 27, show a reduction of U.S. 1991 fiscal year exports to $37 billion, down $1.5 billion from November's forecast. Total export volume was altered to 131 million tons, down from 139.5 million tons.

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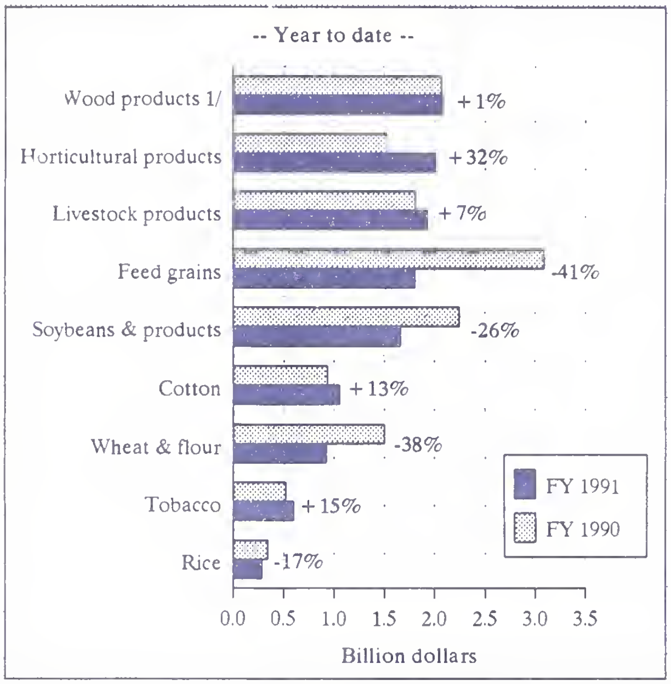
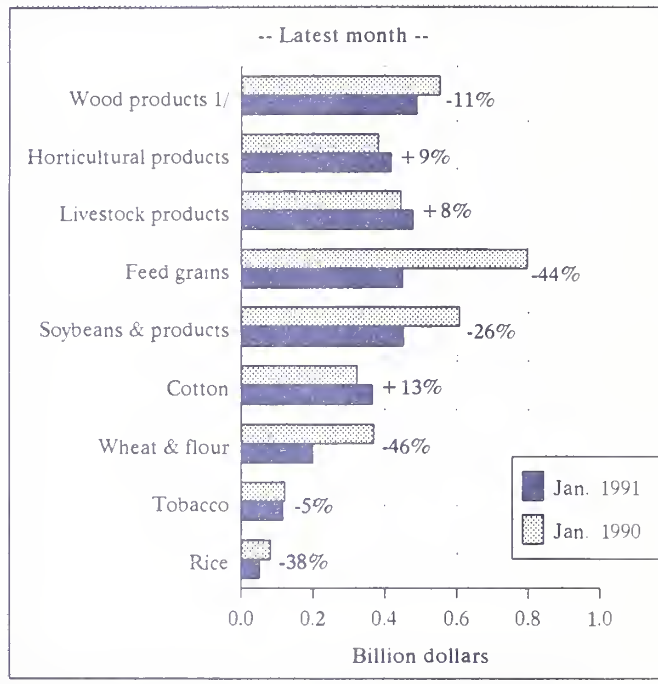
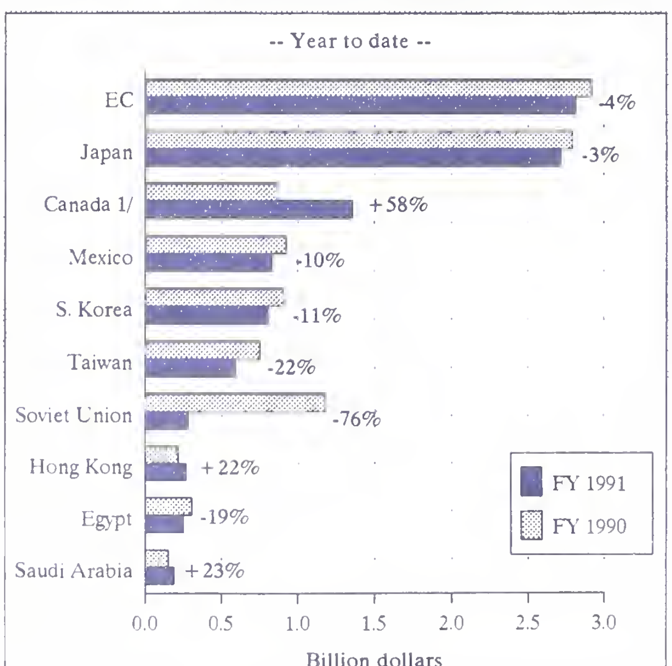
U.S. Agricultural Export Summaries
October-January and Latest Month Comparisons

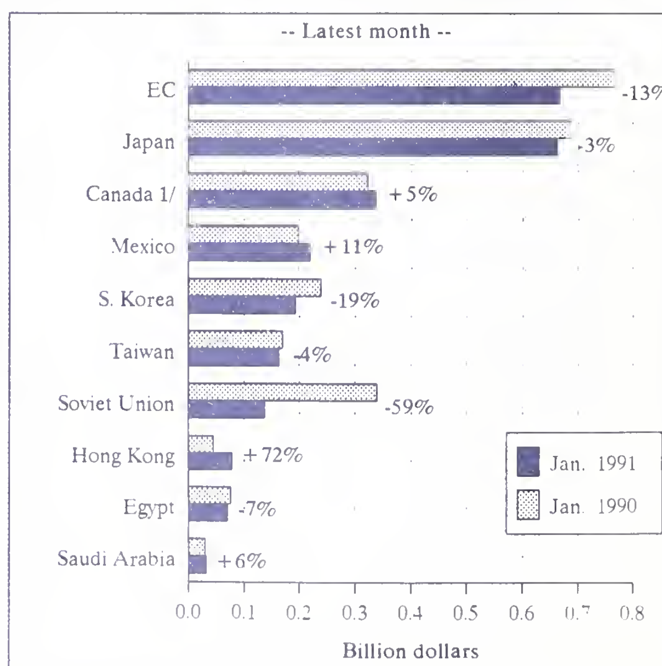
Product Summary





Top Ten Markets Summary





Note: Percentages are computed as the change from a year ago.

1/ U.S. agricultural exports to Canada have been under-reported in past years by about $1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

Overall , exports in fiscal 1991 are 10 percent behind last year, due to lower exports of coarse grains, wheat, and soybeans. With exports up $42 million (13 percent) from a year ago, cotton continued to be the bright spot in January .

Wheat and flour exports at $198 million were down 46 percent in value on a 17-percent volume decline from a year ago. Exports for fiscal 1991 are forecast down 32 percent from the previous year, and at $920 million so far in fiscal 1991 are 38 percent behind last year's level. Lower exports to the USSR (down $56 million), Egypt (down $169 million), and Asian markets (Pakistan and China each down about $90 million) accounted for 82 percent of the decline and are based to a large extent on lower volumes. The lower exports many other markets have experienced are based solely on lower prices. Sales to the Caribbean, Central America, the EC, and Southern Africa have increased nearly 10 percent in term of quantity, but are 15 percent lower in value.

Exports of *feed grains* at $450 million in January were again substantially below year-ago levels, down 44 percent. Feed grain prices have not experienced the significant declines of wheat, but are down 5 percent from the previous year. Exports to the USSR for fiscal 1991 are $800 million behind the previous year and account for two-thirds of the $1.3 billion decrease in feed grain exports realized so far in fiscal 1991. Exports are also down significantly for other major markets--Mexico (down $200 million), China ($140 million), Taiwan ($80 million), the EC ($75 million), and Japan ($60 million). Other markets have been mostly stable with gains reported in Egypt (up $80 million), Eastern Europe (up $70 million), and Brazil (up $40 million).

Lower *rice* shipments in January, down 30 percent from last January, brought the volume of exports to date to 4 percent below last fiscal year's level. This is on line with the slightly lower quantity forecast for rice exports in fiscal 1991. Major increases in exports to Brazil (up 220,000 tons), Ivory Coast (45,000 tons), and Haiti (24,000 tons) have offset lost sales to Peru (down 100,000 tons), Iraq (95,000 tons), and the EC (40,000 tons). Due mainly to lower prices, the value of exports so far for fiscal 1991 is off $60 million, or 17 percent.

Exports of all *soybeans products* (soybeans, oil, and meal) totaling $450 million in January continued below year-ago levels, with both the January and the fiscal year-to-date 26 percent below last year's levels. Exports of soybean products for fiscal 1991 are forecast to be $570 million lower (10 percent) than in fiscal 1990. With current fiscal 1991 exports $590 million below the level a year ago, exports during the last two-thirds of fiscal 1991 will have to be at last year's rates to meet the forecast. Price levels for soybean products are virtually unchanged from last year.

With exports up $42 million (13 percent) from a year ago, *cotton* continued to be the bright spot in January. Exports to most major markets were up in January, except for China (down 30 percent for the month and the year), the EC (down slightly less than 10 percent for the month and the year), and Korea (down 13 percent in January but up 11 percent for the year). Exports to Indonesia, which are up 43 percent for the year, were again very strong in January.

Livestock products remained strong in January, up $35 million (7 percent), on stronger sales to Korea and Mexico. Higher sales to Canada, Mexico, and Korea (each up $45 million) have boosted fiscal year to date exports to $1.9 billion, up $123 million from last year.

Horticultural exports at $407 million remained strong in January, with exports to all of the top five markets up. Increased exports to Canada accounted for $300 million of the $480-million increase for the year. So far in fiscal 1991, exports to Mexico and the EC are up 47 percent and 28 percent, respectively.

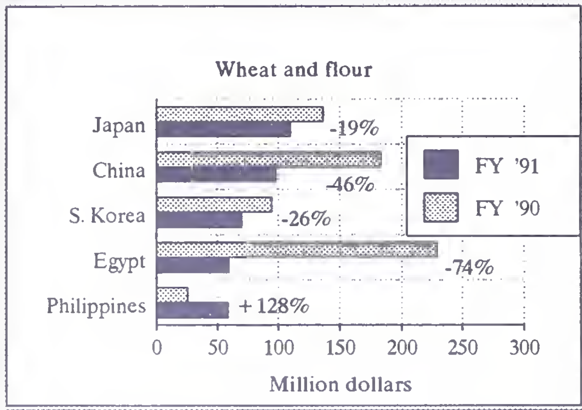
Unmanufactured tobacco exports for January were down 5 percent from a year ago, due mainly to lower exports to Japan. Exports for fiscal 1991, at $597 million, are up 15 percent on stronger exports to the EC (up $40 million), Japan (up $15 million), and Thailand (up $19 million).

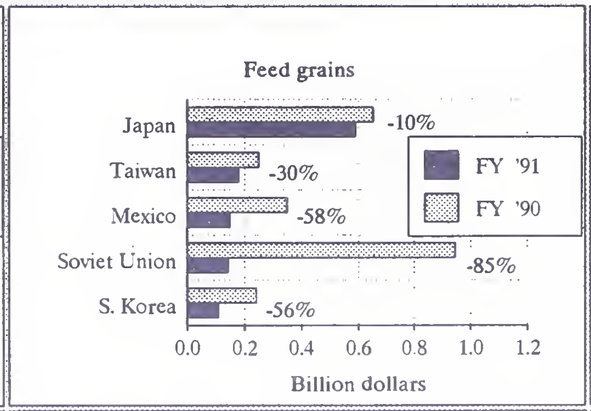
Wood product sales in January at $472 million were down 15 percent from last year. Through the first 4 months of fiscal 1991 sales are unchanged from the previous year.

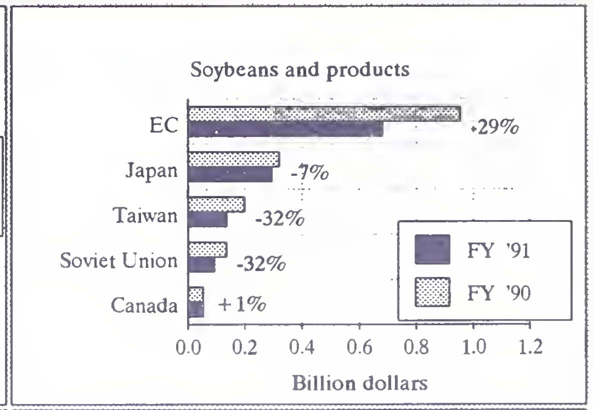
For more information contact James Johnson (202) 389-9522.

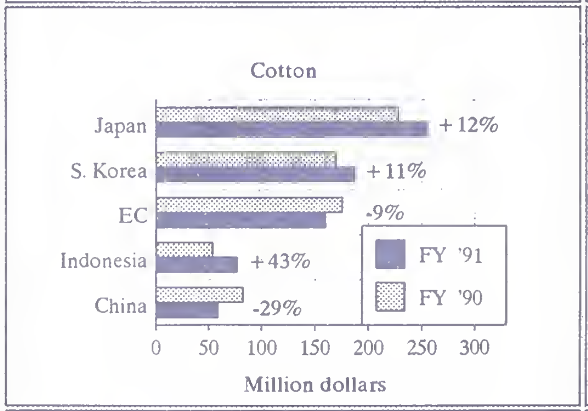
Top Five Markets for Major U.S. Commodities

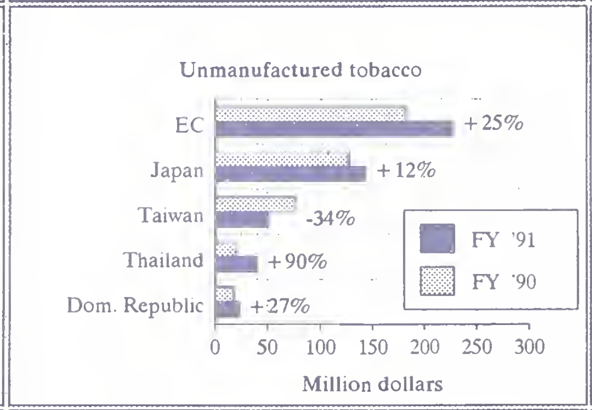
October - January Comparisons

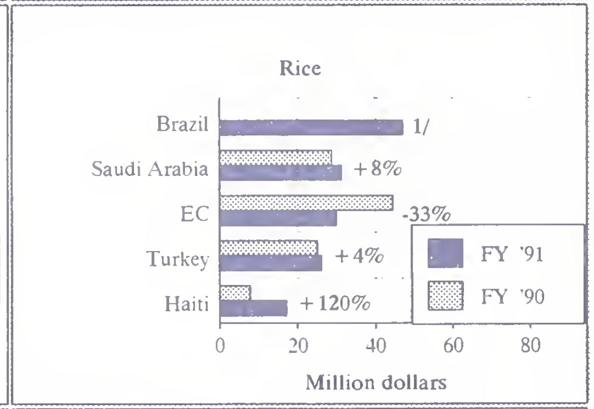


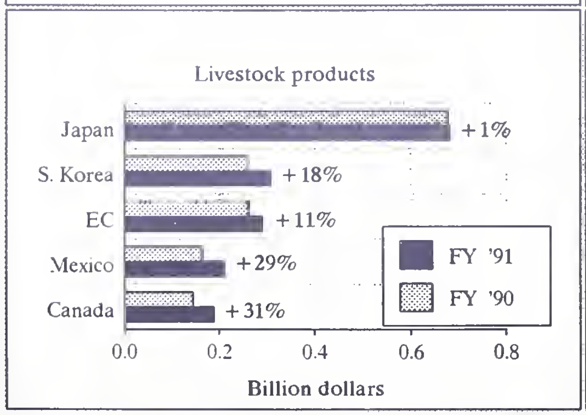


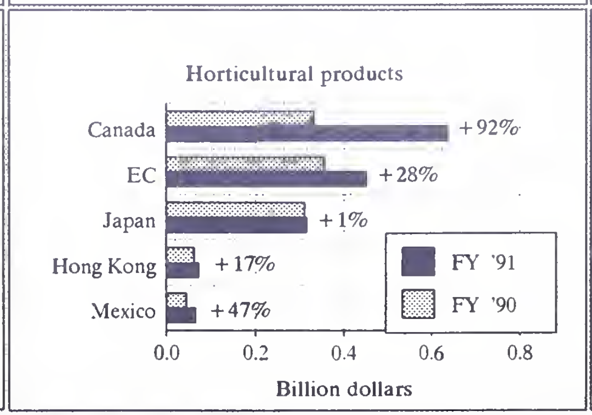


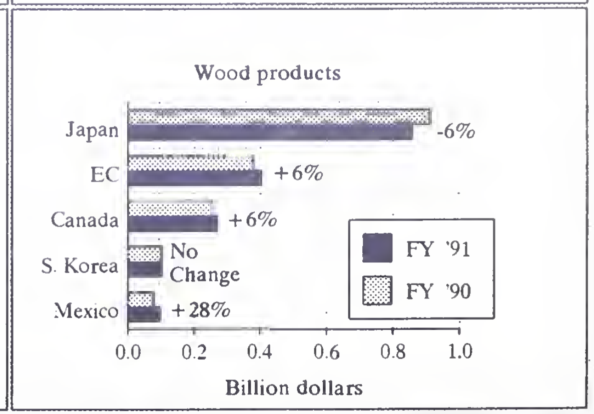






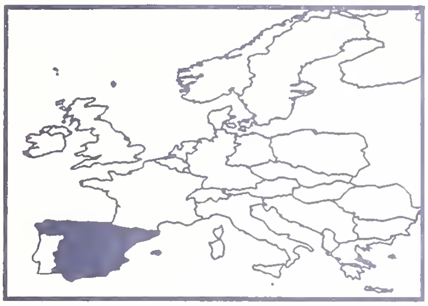






Note: Percentages are computed as the change from fiscal 1990 to fiscal 1991.
1//Negligible exports reported during comparable period last year.

Country Spotlight: Spain



According to a recent FAS study, Spain is one of the top five growth prospect markets for U.S. agricultural products in the next 5 years, the only EC country in the top 15. The Spanish economy had the fastest growth of any EC country since it joined the EC in 1986 and is expected to continue experiencing rapid growth. Because of this, Spain should remain a major U.S. export market. Purchasing $930 million worth of products in 1990, Spain was the ninth largest market for U.S. agricultural products. Spain has become the third largest U.S. market in the EC, accounting for 14 percent of exports to the EC in 1990.

Accession of Spain by the EC changed the trade relationship between the United States and Spain. Prior to accession products from EC countries entering Spain faced the same tariffs as did U.S. products. However, as tariffs are phased out between the EC and Spain during the transition period--ending in 1993--U.S. products entering Spain will face the same barriers as those entering into other EC countries, and Spain will enjoy the full benefit of the common market.

Spain's agricultural imports from the world, including intra-EC trade, have grown by 15 percent per year since accession. U.S. exports to Spain have not kept up, growing by only about 6 percent annually in the same period. The most rapid growth in Spain's total imports occurred in high value products such as dairy products (22 percent annually), meats and products (24 percent), beverages (31 percent), sugar and honey (34 percent), and fruits and vegetable (35 percent). High-value products accounted for 60 percent of Spain's imports in 1990, however, they accounted for less than 8 percent of U.S. exports to Spain. Cereals, tobacco, animal fats, and oilseeds which have experienced slow import growth rates, about 5 percent annually, accounted for 78 percent of U.S. exports to Spain in 1990.

Soybean exports to Spain declined to $291 million in 1990, the second lowest level in 14 years. U.S. exports of soybeans to Spain had reached a high of $690 million in 1982 and have been declining since. Soybeans represented over 30 percent of total U.S. exports to Spain in 1990, down from 50 percent in the mid-1980's. Prospects for soybean exports look good as Spain's oilseed regime, which was retained for a transitional period and maintained artificially high prices for soybean oil will be replaced by the EC trade regime on oilseeds. The United States has traditionaly maintained a strong presence in the overall Spanish oilseed market with market share of between 55 and 75 percent.

U.S. coarse grain exports to Spain in 1990 totaled $220 million, the second highest level since Spain's accession to the EC, but still down substantially from the near $500-million levels of the early 1980's. Continued access to the Spanish coarse grain market by non-EC countries was established in an agreement reached between the EC and the United States after the accession of Spain to the EC. This agreement was recently extended and provides access for a million tons of corn and 300,000 tons of sorghum.

The United States continues to be a major supplier of cereals to Spain, providing over 40 percent of Spain's imports, down from the 50-percent shares of the early 1980's. Cereals which accounted for over 25 percent of Spain's total agricultural imports in 1982, accounted for only 8 percent of imports in 1990. In fact, Spain became a net exporter of cereals in 1990, after having net cereal imports as high as $930 million in the early 1980's.

U.S. rice exports to Spain have grown to $20 million per year recently as Spain's imports increased from near zero in the late 1970's to $90 million in 1989.

Exports of corn gluten feeds to Spain totaled $78 million in 1990, the fifth consecutive annual increase. There were no U.S. exports of corn gluten feeds to Spain in the 10 years prior to accession to the EC. This new demand for U.S. corn gluten reflects the distortions of the EC policies on feed ingredient prices and should continue until there is a change in EC policies.

Exports of cotton to Spain prior to accession had increased to over $30 million per year and dropped dramatically after the accession. Spanish imports of U.S. cotton in 1990 were over $48 million, up from a post-accession low of $5 million in 1986.

Edible tree nuts have accounted for over 70 percent of U.S. horticultural exports to Spain for over a decade and reached $40 million in 1990, more than double the level of the early and mid-1980's.

For more information contact James Johnson (202) 382-9522.

January Imports Down Slightly From 1990... But Up for Fourth Month of Fiscal 1991

> *Growth in imports appears to have leveled off in recent months, but is still above last year's record pace.*

U.S. agricultural imports for January totaled $1.9 billion, up $120 million from December, but down $90 million or 4 percent from last January. This is the fourth time in as many months that imports have grown from the month before, and is consistent with a general longer term trend of rising imports. So far this fiscal year, imports have totaled $7.6 billion, up 2 percent from last year's figures.

Competitive imports for January fell 8 percent from December, and 4 percent from last January to $1.4 billion. Growth in competitive imports appears to have leveled off in recent months, but is still above last year's record pace. So far this fiscal year, imports of competitive products total $5.7 billion--2 percent above year-ago levels. Decreases in competitive import categories were led by a 17-percent reduction in dairy products, followed by declines of 12 and 6 percent for vegetables and fruit imports, respectively. Four categories showed increases, led by a 25 percent jump in live animal imports, followed by a 21-percent gain in pork, a 4-percent rise in wine and beer, and a modest 2- percent increase in beef and veal purchases.

Fiscal 1991 vegetable imports were off 12 percent, or $92 million, from comparable year-ago levels. Fruit and produce imports also fell $39 million to $665 million. A significant drop in orange juice imports from Brazil (down $93 million to $110 million) more than offset general increases across a broad band of fruit categories. Imports of fruit actually increased by $54 million if orange juice imports from Brazil are excluded.

Cumulative dairy imports are 17 percent below year-ago levels and down 21 percent from December to $53 million. Much of this is due to a 57-percent drop in casein purchases from the EC to $47 million.

Increases in pork imports continued in January, and so far this year are up $54 million to $305 million over year-ago levels. The EC (mostly Denmark) is the source of $30-million of the increase, and Canada supplied $22 million more than last year.

Year-to-date live animal imports are up $88 million (25 percent) over last year to $446 million. Mexico and Canada supplied almost all (58 and 41 percent respectively) imports in this category.

With January's increase, *noncompetitive* imports so far this year are now virtually unchanged, easing to $1.84 billion from $1.85 billion last year. Cocoa imports are up 12 percent to $346 million, while spices are also up 12 percent. Decreases have occurred in coffee (down 7 percent to $648 million), rubber (down $13 million to $231 million), and tea (off by 8 percent to $47 million).

For more information, contact Thomas St.Clair, (202)382-9521.

U.S. Agricultural Imports by Major Product Sector

January 1991 and Year-to-date Versus Year-ago

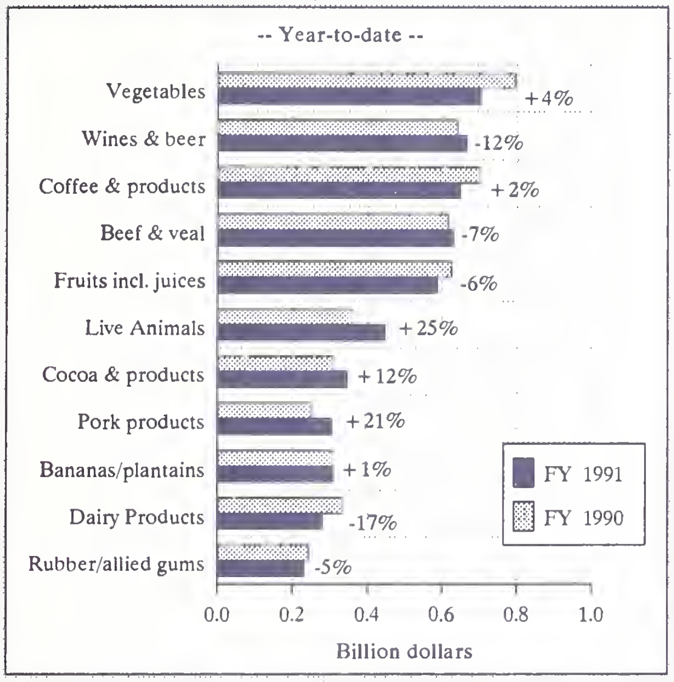
Import Category	Jan 1991	Jan 1990	% Chg	Oct-Jan FY91	Oct-Jan FY90	% Chg
			-- Million $ --			
Total competitive	1,407	1,522	-8%	5,718	5,591	2%
Fruits, incl. juices	174	224	-22%	586	625	-6%
Wines & beer	109	115	-6%	665	640	4%
Vegetables	226	322	-30%	702	794	-12%
Live Animals	104	93	11%	446	358	25%
Beef & veal	154	168	-8%	629	614	2%
Dairy products	53	68	-21%	280	335	-17%
Pork	64	61	4%	305	251	21%
Total noncompetitive	524	499	5%	1,841	1,854	-1%
Coffee & products	207	177	17%	648	700	-7%
Cocoa & products	101	93	9%	346	307	12%
Bananas/plantains	73	83	-12%	309	306	1%
Rubber/allied gums	51	59	-13%	231	244	-5%
Spices	29	22	34%	91	81	12%
Tea	12	14	-9%	47	51	-8%
Total agri. imports	1,931	2,021	-4%	7,559	7,444	2%

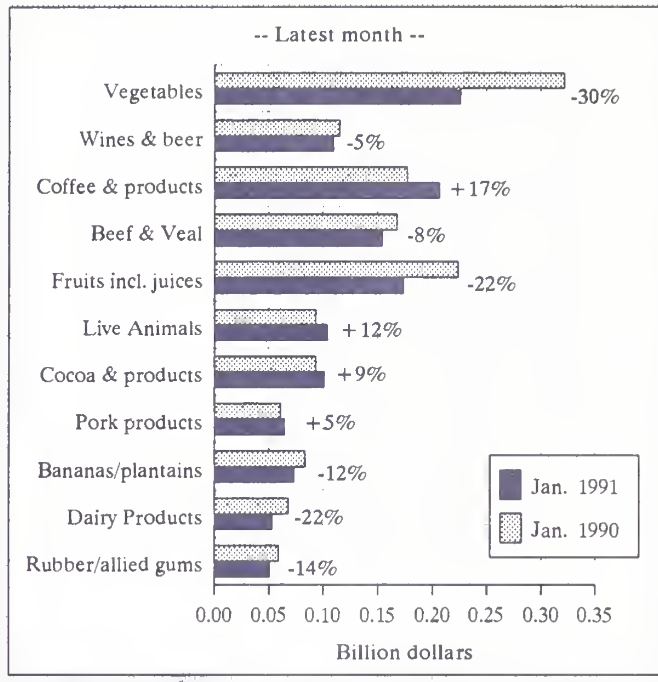
Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools.

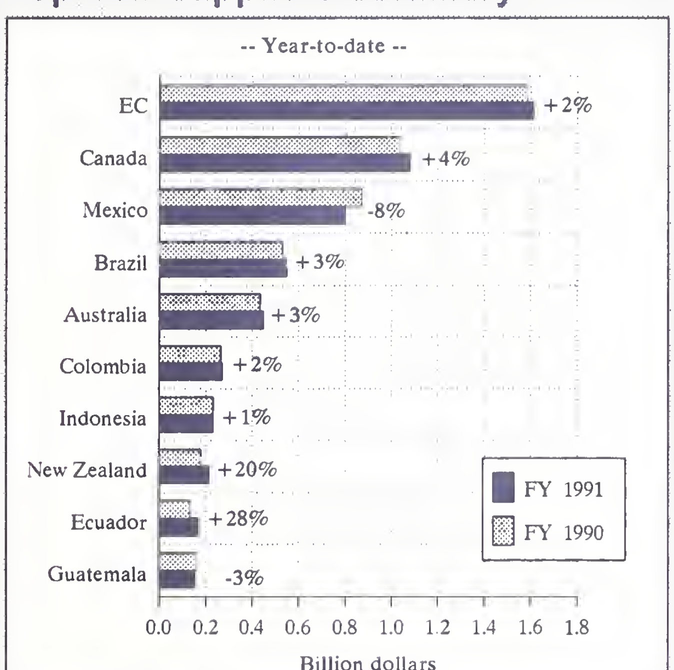
U.S. Agricultural Import Summaries
October-January and Latest Month Comparisons

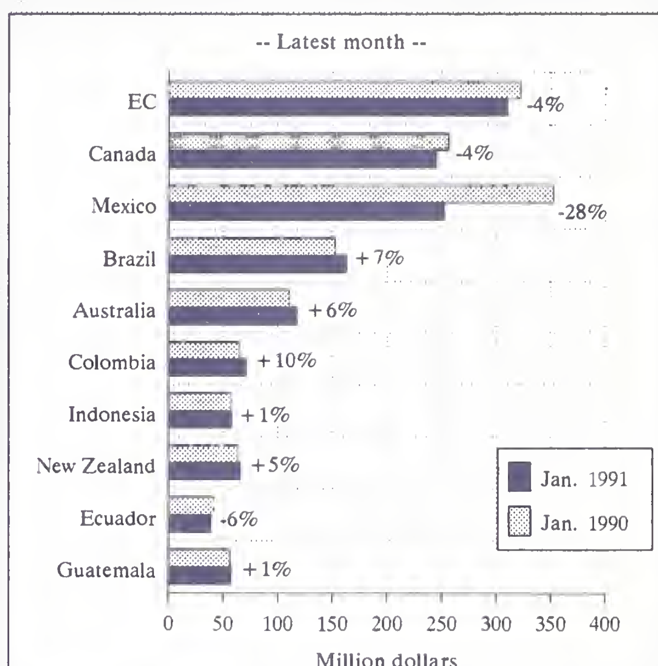
Product Summary





Top Ten Suppliers Summary





Note: Percentages are computed as the change from a year ago.

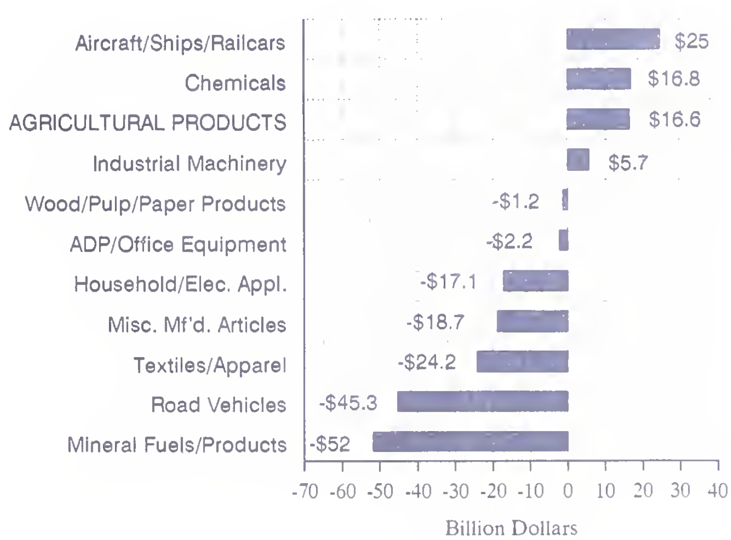
1990 U.S. Agricultural Trade Balance Third Highest Among Eleven U.S. Industries

Once again U.S. trade in farm products closed the most recent calendar year with a large positive balance. Only four of the eleven groups analyzed by the FAS were able to achieve this. And although the 1990 U.S. agricultural trade surplus was not high enough to maintain 1989's top ranking, the agricultural sector remains one of the most consistent contributers to the U.S. merchandise trade balance.

For several years, the Foreign Agricultural Service (FAS) has tracked and reported the trade performance of 11 major U.S. industries. The agricultural sector has consistently performed well in every area--total exports, total imports, and trade balances--relative to these other industries. Agriculture's lower trade surplus rank in 1990 was not due so much to the performance of the sector itself--the change in the U.S. agricultural trade balance was relatively small--rather, it was simply outperformed by another industry.

For 1990, U.S. agricultural exports equaled $39.3 billion. This figure was down only 2 percent from 1989, allowing agriculture to maintain its second place ranking in total value exported among the nation's leading industries. Agriculture was led only by exports of *industrial machinery* on the list which featured eleven industries representing U.S. merchandise trade. In addition, the farm sector was able to maintain its share of total U.S. exports, which equaled $375 billion in 1990, at 11 percent--the same share it recorded in 1989. Unfortunately, forecasts for fiscal 1991 predict yet another decline in agricultural exports, down $2 billion to an estimated $37 billion.

Agricultural Trade Surplus Is Significant Contributer to 1990 U.S. Trade Balance



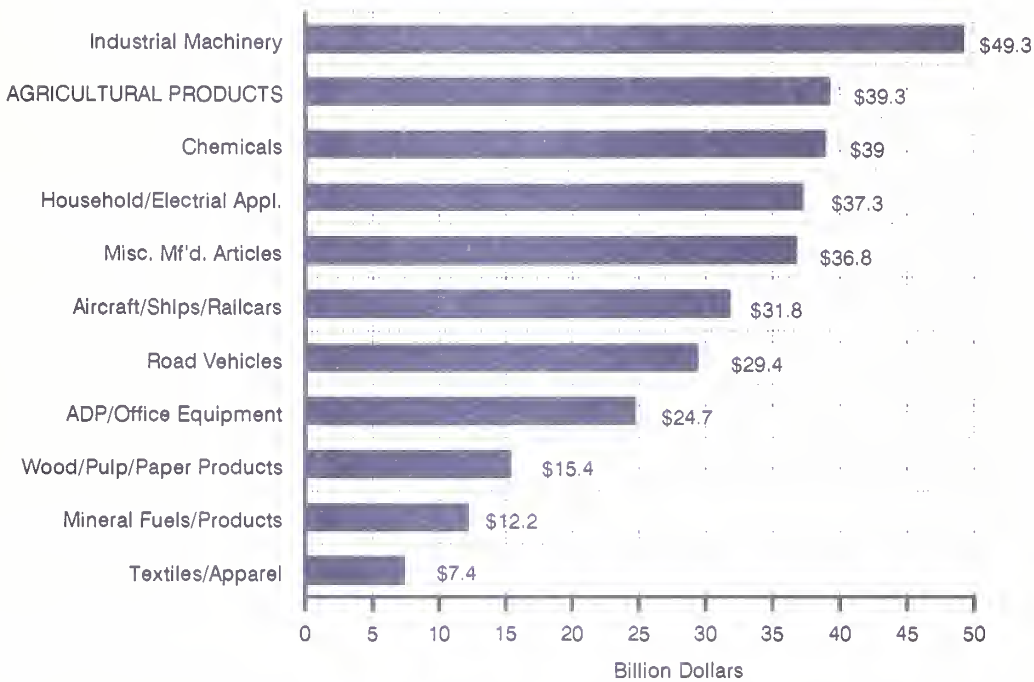
Equally important to the overall trade picture is the level of imports. For 1990, U.S. agricultural imports totaled $22.7 billion, up 4 percent from the previous year. Despite this modest increase, agriculture's share of total U.S. imports ($491 billion) was unchanged from 1989, holding constant at just under 5 percent. Only three other industries recorded lower import shares. Forecasts for fiscal 1991 indicate that agricultural imports will be stable.

Strong export and modest import levels have been the rule for the U.S. agricultural sector. As a result, the sector has recorded over three decades of significant surpluses. In 1990, the surplus equaled $16.6 billion--establishing agriculture as one of only four industries operating in the black. The industries recording positive trade balances were *aircraft/ships/railcars* at $24.6 billion, *chemicals*, which was just ahead of *agriculture* at $16.8 billion, and *industrial machinery* with a surplus of $5.7 billion. The remaining seven industries each recorded deficits ranging from $1.2 to $51.8 billion.

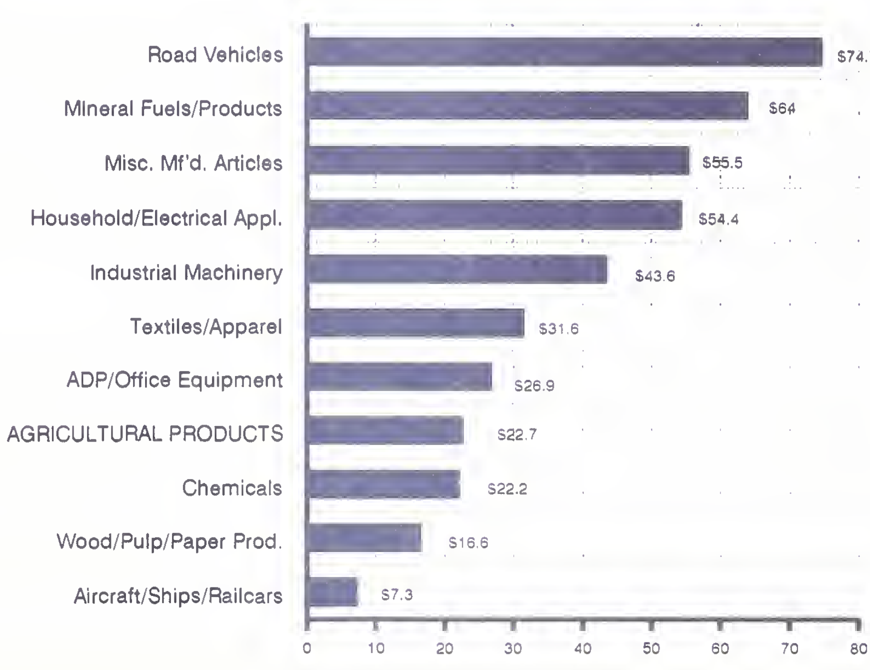
Forecasts of declining exports and stable imports imply that agriculture will probably not reclaim the top trade surplus ranking for 1991. However, considering the total U.S. merchandise trade deficit of $116 billion for 1990, the continued strong performance by the agricultural sector remains vital to the health of the U.S. trade balance.

For more information, contact Lori Huthoefer, (202) 382-9055.

U.S. Exports of Agricultural Products Place Second in 1990



Agricultural Products Equal Only 5 Percent of U.S. Imports



Trade Policy Updates

Uruguay Round Negotiations

During the week of March 11-15, technical meetings on agriculture were held at Geneva, chaired by GATT Director General Arthur Dunkel. These were the first full-scale Uruguay Round meetings since the negotiations reached a deadlock last December in Brussels. U.S. negotiators also held bilateral meetings with a number of key participating countries. The topic of the Dunkel meetings was internal support disciplines. The tone of the meeting was positive. Dunkel scheduled the next round of technical discussions for the week of April 15.

EC Commission Tables 1991/92 Farm Price Proposal

The recently submitted EC Commission's price package proposal for 1991/92 calls for a general continuation of current price policies accompanied by measures to address the current budget squeeze. In announcing its proposals, the Commission stated that it was refraining from suggesting drastic changes in order not to complicate the ongoing debate on Common Agricultual Policy (CAP) reform. However, the Commission emphasized the need to: (1) respect the budgetary guidelines which were set in 1988 by the Heads of State in order to curb agricultural expenditures; and (2) take some immediate steps necessary to correct serious market imbalances.

The Commission has proposed no change in the intervention prices of grains other than durum wheat (down 7 percent) and rice (down 3 percent). The cereal co-responsibility levy, however, would be raised from 3 percent of the intervention price to 6 percent. As a new set-aside incentive, the 1991 co-responsibility levy would be refunded to those farmers who, in the coming season, set aside 15 percent of their cropland. For oilseed and protein crops the proposal calls for a 3 percent price cut. The price of sugar would face a 5-percent drop. The largest cut proposed was in the tobacco sector, where prices and premia set for the different varieties would be reduced by an average of 10 percent. Prices in the meat sector would remain unchanged except for lamb and mutton (down 2 percent), but important changes would occur in intervention measure for beef. To discourage further increases in intervention stocks, the Commission would replace automatic purchases of beef (triggered when market prices fall below 80 percent of the intervention price) with a system of intervention through tender. For dairy, the quota would be reduced by 2 percent; this would be accompanied by changes in intervention, to favor butter.

The price package proposals elicited a generally negative reaction at the March 4-5 meeting of the decision-making Council of Agricultural Ministers. Reportedly, Ministers voiced concern over the impact of the proposed price-cuts on farm incomes, the lack of proposals on rural development and the overemphasis on budgetary considerations. Nine Member States reportedly favored lifting the budgetary guidelines established in 1988.

EC Issues Tenders For 1990 Shortfalls Under Enlargement Agreement

The EC Commission has issued tenders for 128,000 tons of corn and 16,000 tons of sorghum into Spain under a reduced-levy quota. Imports must be contracted by April 30, 1991. The EC fell short by 143,713 tons of its 1990 commitment under the Enlargement Agreement to import 2.3 million tons of corn and sorghum into Spain. The U.S. Government had requested that the EC promptly issue tenders to cover the shortfall, once final 1990 import figures were available.

American Soybean Association (ASA) Denounces EC Price Proposals on Oilseeds

In a recent press release the American Soybean Association (ASA) condemned the EC Commission's proposal to cut 1991/92 oilseed support prices by only 3 percent and called on the EC to bring prices in line with the 1989 GATT ruling on oilseeds. The ASA called the proposal "a slap in the face" and emphasized that soybean farmers will press the U.S. Government to take strong action if the EC fails to adjust the price levels in the 1991/92 price package.

EC officials have claimed that the 3-percent cut, along with stabilizer reductions, will decrease the 1991 price by as much as 20 percent. However, stabilizer reductions are applied after the harvest; therefore, U.S. soybean farmers do not benefit from the price reduction since the trade damage in terms of displaced imports has already occurred. Also, price reductions are not carried over from one season to the next. As a result, EC oilseed production has continued to increase under the stabilizer scheme introduced with the 1988/89 price package.

New Japanese Food Additive Labeling Requirements Starts July 1, 1991

Food additive labeling regulations in Japan will change effective July 1, 1991. Current regulations require that only synthetic food additives be listed on labels. While the original intention of the Japanese Ministry of Health and Welfare (MHW) was to reform labeling of the synthetic food additives in response to initiatives from the United States and other exporting countries, MHW agreed to require the labeling of "natural" food additives in the same manner and at the same time as synthetic food additives.

For each additive, both the name and the function which the additive plays in the food product must be listed. For example, previous to this change, the additive citric acid could have gone unlabeled, but now the additive will be labeled "Acidity Agent (citric acid)." Due to Japanese consumer preference for no food additives and mistrust of imported foods containing synthetic food additives, the Japanese food industry was favored by the old regulation. Strongly supported by the American Chamber of Commerce in Japan and U.S. processed-food groups, the U.S. Government raised concerns that no justification existed to discriminate between synthetic and non-synthetic additives.

Talks With Japan Expedite Clearance of Imports From the United States

More expeditious import clearance methods will be implemented in Japanese air and sea cargo terminals and improvements specifically affecting plant and animal quarantine procedures are also underway, as a result of actions being taken by the Government of Japan (GOJ) in compliance with commitments made in the Structural Impediments Initiative (SII) talks. In the second follow-up meeting to SII on January 18, distribution issues and the steps which the GOJ has taken to improve them were reviewed.

Of special significance to agricultural exporters are GOJ plans to increase airport and port facilities such as expanded refrigerated warehouse space, and measures to move towards a 24-hour clearance for all imports. Simultaneous processing of various steps in customs clearance procedures and improvement in plant and animal quarantine regulations are expected to move cargo through ports and airports more rapidly. A pre-filing system to fulfill food sanitation requirements is also being devised. By April 1991 the GOJ will extend the validity of advanced rulings from 6 months to 12. Pre-clearance of cargo for internal express courier cargo service, presently only offered at Bakari airport, is expected to become available in April 1991 at Narita airport.

U.S. Countervailing Duty (CVD) on Canadian Pork

The National Pork Producer Council (NPPC) and others have filed a petition with the U.S. Trade Representative seeking an extraordinary challenge to the recent reversal of an International Trade Commission (ITC) injury determination in the case of the CVD on Canadian fresh, chilled, and frozen pork. The ITC reversed its positive injury determination of September 1989, after the methodology that it had employed in making the determination was challenged by a U.S.-Canada Free Trade Agreement Panel. The NPPC's petition is based, in part, on arguments by two of the ITC Commissioners involved in the case, that they had no choice but to reverse their earlier decision, after the binational panel had so restricted the evidence allowable during the appeal process. The NPPC argues that the binational panel exceeded its power and violated rules of procedure in the appeal process.

Soviets End Trade Monopolies, Permitting Freer Imports, Exports

According to press reports, the Soviet Union has decided to break down into independent entities the powerful state trading organizations that now control commodity imports and exports. Soyuzneteexport, the oil export agency, and Exportkhleb, the grain-buying monopoly will be the most affected. A significant aspect of this plan is that these organizations will no longer be economic monopolies, and foreign firms may be allowed to participate in this new import structure. The biggest problem facing the Soviet economy is that its internal prices differ significantly from its external (world) prices. The Government hopes that these changes will make the Soviet Union more attractive to outside investors.

Yugoslavia Broadens Basis Of Rice Imports, But Border Charges Are High

The Yugoslav government has announced that it will end the practice of allocating Yugoslavia's rice imports to specific developing countries such as China, Myanmar (Burma), Thailand, and Pakistan--which had excluded the United States as a supplier. This new policy (along with a recent EEP initiative for 100,000 tons of rice to East European countries) would seem to be encouraging. However, imports will face charges consisting of a 13-percent customs tariff, a 16-percent border charge, and a variable surcharge.

Materials Available

- The U.S.-EC Enlargement Agreement (January 1991)
- U.S. Meat Import Law (February 1991)
- U.S. Participation in International Food Shows (January 1991)
- Market Promotion Program (Revised February 1991)
- Compilation of Foreign Countries Methods to Protect Agriculture and Expand Overseas Markets

Trade Policy Updates are prepared monthly by The Trade Assistance and Planning Office, International Trade Policy, Foreign Agricultural Service, U.S. Department of Agriculture. Requests for copies of Fact Sheets and reports listed above may be sent to the Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 756-6001. FAX: (703) 756-6124.

Market Updates

Mexican Rice Imports May Reach Record Level

Mexico may import a record 200,000 tons of rice in 1991, about 70,000 tons more than last year. The United States has become the primary rice supplier for Mexico during the last few years, and is likely to supply the bulk of this expected demand. Prior to 1989, Mexico was an erratic importer of Asian rice. Higher relative internal prices for other grains and input shortages, which resulted in less rice harvested, are the primary reasons for this year's stronger-than-expected imports.

Palm Oil Refining Facility To Be Built in India

The Government of Indonesia and a private Indian company (Pure Palm Ltd.) have recently signed an agreement to set up a joint palm oil refining project at an export processing zone in India. The project envisions refining 100,000 tons of imported crude palm oil annually to produce palm olein, palm stearin, and other products. No information is available so far on the percentage of products which may be marketed within India (foreign investments in export-oriented industries are usually permitted limited domestic sales). The profitability of the venture will depend on some degree on access to the high-priced and highly protected Indian market.

Taiwan Buys Argentine Corn for the First Time In Over a Decade

Taiwan, for the first time in over a decade, has purchased Argentine corn despite competitive U.S. corn prices. If Taiwan is satisfied with the quality of these preliminary purchases, the United States could face aggressive competition from Argentina and the possible erosion of market share. The United States has traditionally supplied Taiwan with more than 90 percent of its corn imports.

Egypt's Corn Imports To Increase

Egypt is forecast to import 1.9 million tons of corn this marketing year, mostly from the United States. This represents an increase of almost 500,000 tons over last year's level. The increase is primarily due to (1) a rise in available foreign exchange due to Gulf crisis aid, (2) a U.S. grant under Section 416 of 300,000 tons of corn and (3) more U.S. Government (Commodity Import Program) funds for private sector corn imports. In the first 5 months of the 1990/91 marketing year, the U.S. has exported to Egypt almost 1.1 million tons, compared to about 500,000 tons during the same period last year.

EC Displaces U.S. Barley In Jordan

Absent from the Jordan barley market since the mid-1980s, the EC in late January reportedly sold 100,000 tons of barley to Jordan. The U.S. normally supplies 90 percent of Jordan's barley requirements, but this change will probably mean a significant reduction in U.S. barley exports to Jordan. Loss of U.S. market share is due to several factors, including an unusually small U.S. export supply.

Japanese Spinners Purchase U.S. Cotton Despite High Prices

Rising raw cotton futures on the New York Cotton Exchange during the week of February 23-March 1 encouraged Japanese yarn spinners to buy aggressively according to Japanese cotton trading firms. The spinners, anticipating tight supplies and further price increases, bought 95,000 bales, primarily for November-December delivery. Of those bales, 35,000 were from the United States, including 25,000 bales of San Joaquin Valley (SJV) cotton. Japanese spinners are particularly concerned about scarce supplies of SJV and are paying $.08 premiums for the high-grade cotton.

Turkey Loans Wheat to the Soviet Union

Turkey has announced an arrangement to ship immediately 200,000 tons of milling quality wheat to the Soviet Union, in addition to an earlier trade of 120,000 tons of wheat flour. Terms reportedly call for the Soviet Union to repay this loan with Soviet wheat later in 1991. This arrangement is particularly helpful to the Soviet Union as it somewhat reduces the need to use scarce foreign exchange or limited supplier credit.

Hong Kong Increases Duties on Tobacco By 200 Percent

In a move to discourage tobacco consumption, the Financial Secretary in Hong Kong announced a 200-percent increase in duties for tobacco and cigarettes. Cigarette prices are expected to climb in response to this action, increasing 66 percent to HK$20 (US$2.50) per pack. Similar increases are anticipated for all other tobacco products. A drop in cigarette consumption is expected in response to this action. Estimates range from between 5 and 10 percent of previous consumption, resulting in potential declines for U.S. leaf and cigarette exports to Hong Kong. However, with export markets dominating the local tobacco industry, declines in cigarette production and imports are likely to be limited to less than 2 percent of current levels.

New Zealand Boosts Beef Promotion In Singapore

Spurred by Singapore's rising affluence, the New Zealand Meat Producers' Board (NZMPB) has launched a S$500,000 (US$290,000) 2-year marketing campaign to boost beef exports. Via advertising and awards for prepared New Zealand beef dishes, supermarket promotions and trade seminars, the NZMPB hopes to raise its beef sales there by 30 percent over the next 5 years. Singapore has become New Zealand's second largest market for beef exports. New Zealand serves about 34 percent of the demand, worth US$5.5 million in sales. New Zealand chilled grass-fed beef is reputed to be leaner than U.S. and Australia beef, to have "less cholesterol than chicken," and usually undersell U.S. and Australian beef. The New Zealand promotion comes at the same time that the Australian Livestock Marketing Commission and U.S. Meat Export Federation have intensive marketing campaigns in Singapore. Australia remains the largest supplier to that market (43 percent) while the United States provides the high-quality beef. Singapore is currently the 13th largest U.S. beef market, where U.S. exports fell 35 percent in 1990 to 715 tons, worth $5 million.

Taiwan Rejects Canadian Bid To Supply High-Quality Beef

On February 23, Taiwanese officials reviewed and rejected Canada's application for eligibility to classify its exports as high-quality beef. The application was rejected because of insufficient data from the Canadians. The Canadians were applying for a preferential tariff rate for certain cuts of high-quality beef. Currently, the United States is the only supplier eligible for the lower duty for high-quality beef. Canada argues that because its beef enters the United States as high-quality beef, it should be allowed into Taiwan at the reduced duty rate. A Taiwan team is expected to visit Canada in April for further study.

EC Intervention Purchases of Butter

The EC Commission is now using a tendering system for the intervention purchases of butter. Although the intervention price is still 2,930 ECUs (European Community Monetary Units; US$4,073) per ton, the Commission is only paying around 90 percent, compared to 92 percent previously, of the intervention price for butter. The new, lower price of 2,630 ECUs ($3,656) per ton is intended to cut butter purchases, although a reduction of the waiting period to 45-60 days for suppliers to receive payment when selling to intervention slightly lessens the effect. Public intervention stocks on February 14 were 273,464 tons and are continuing to grow. Intervention purchases continue, 25,353 tons in January, even though market prices in some countries are well above the buying-in price.

Poultry and Egg Exports Reached $910 Million In 1990

U.S. sales volume of poultry and egg exports reached $910 million in 1990, up 27 percent over 1989 totals. This completes 5 consecutive years of increases for the poultry and egg industry. Prepared poultry meals nearly tripled in value from $2.5 million to $8.1 million. Live poultry increased by 24 percent with poultry meat accounting for both the highest value increase as well as the highest change as a percent of total value.

Morocco Imports Durum For First Time Since 1981/82

Normally self-sufficient in durum wheat, Morocco is importing durum for the first time since the drought in the early 1980s. Dry conditions in Morocco this year have particularly affected durum wheat and barley production. Morocco has recently bought 30,000 tons from Canada and 25,000 tons from France under optional origin sales reportedly at prices of $101.00 per ton f.o.b. and $102.25 per ton f.o.b., respectively. These prices are $46 to $48 per ton below U.S. f.o.b. Gulf prices for the U.S. No.1 hard amber durum that Morocco requires.

U.S. Peanut Exports Up

Despite high U.S. peanut prices brought on by last year's drought in the Southeast United States, peanut exports during August-December 1990 were stronger than anticipated. As a result, the 1990/91 USDA forecast for U.S. peanut exports was revised upward to 238,000 tons, 23,000 tons higher than the February forecast, but still only about half of usual levels. High prices are holding U.S. domestic use below early-season expectations, causing a reduction in domestic U.S. food use both commercially and in USDA food nutrition programs.

Canada To Review Countervailing Duty On EC Beef

The Canadian International Trade Tribunal (CITT) will conduct a formal review of Canada's countervailing duties (CVD) on EC boneless beef, which are due to expire on July 24, 1991. This is the next step in the process to determine if the CVDs should continue or expire. Expiration is likely to have an effect on both competition in Canada and U.S. imports from Canada. EC exports of beef were stopped by the imposition of CVDs in 1986 on Ireland (56.8% CVD) and Denmark (43.6% CVD). The EC had become the major supplier to the Canadian market between 1981 and 1984 which also helped spur large Canadian shipments to the United States. The CITT is receiving written submissions from interested parties and will conduct a hearing in May.

EC Suspends Private Storage Aids For Pigmeat

Effective February 22, the EC Commission suspended the Private Storage Aid (PSA) scheme for pigmeat introduced on January 7, 1991. An EC official said the decision was based on the marked increase in the EC reference price in the past month and the improved market outlook. The reference price has increased from ECU 118-120 per 100 kilograms carcass weight at the end of 1990 to about ECU 132 per 100 kilograms for the week ending February 17. A total of nearly 70,000 tons was contracted for during the 7 weeks that the scheme was in effect, as compared to over 200,000 tons of carcasses and cuts taken into storage the last time PSAs were used for pigmeat in 1988. Most of these contracts are for 4 months, so the bulk of the product in storage should come back onto the market in late May or early June.

EC Beef Intervention Stocks Growing, But Underestimated

The latest unofficial EC estimate of EC beef intervention stocks shows them to have reached 664,172 tons in carcass weight equivalent, nearly 15,000 tons above the Commission's official December estimate of 650,000 tons. This figure was translated from stock figures as of December 31, 1990, of 295,779 tons bone-in and 250,507 tons boneless beef. The reason the data is unofficial is that the Agriculture group has suspended its previous practice of releasing these data on a monthly basis, explaining that several member states have stopped reporting stock levels as required by EC law. However, the fact that the above data (broken down on a country basis) exists, and that the Commission has decided not to officially release these numbers but has chosen instead to use an aggregate EC-12 estimate, indicates that the EC may be understating the magnitude of the stock disposal problem faced by the Community.

Taiwan Shifts Emphasise From Exporting Hogs

A ranking agriculture official said the government has shifted emphasis in the hog-raising industry and will not push for hog exports in coming years. Instead, the government will rate pollution controls and self-sufficiency as its top priorities. Inadequate waste disposal in the hog-raising industry has long been a major source of complaint from environmentalists in Taiwan. It is not known whether this will actually translate into decreases in Taiwan's hog exports in the near future.

South Africa Reportedly Buys Feed Wheat To Replace Corn

South Africa has reportedly bought 55,000 tons of feed quality wheat from the EC at about $20 per ton less than they would pay for corn at today's prices. South Africa is normally a major corn exporter. However, a short South African corn harvest is expected to necessitate imports this year instead. If South Africa continues to substitute feed wheat to meet its corn needs, this would reduce demand for corn imports.

Executive Order for P.L. 480

The Executive Order implementing the Agricultural Trade Development and Assistance Act of 1954 (PL 480), as amended, and the Food For Progress Act of 1985, as amended were signed by President Bush on February 25, 1991. The order establishes clear lines of administrative responsibilities among federal agencies. The responsibility for P.L. 480, title I and Food for Progress are assigned to the Secretary of Agriculture. The responsibility for P.L. 480, title II and title III are assigned to the Administrator of the Agency for International Development. To ensure policy coordination under these programs a Food Assistance Policy Council was established including senior representatives of the Department of Agriculture, the Agency for International Development, the Department of State, and the Office of Management and Budget. Meetings of the Council shall be called by the Secretary of Agriculture or his designee at the request of any senior representative on the Council.

Brazilians To Import Beef In Countering Artificial Shortages

In the first 2 weeks following the wage-price freeze effective February 1, wholesale beef prices in Brazil shot up by almost 30 percent. The price increase reflected the shortage of beef in the market created by the unwillingness of cattle producers to sell at the prescribed prices. To counter the shortage, Brazil has announced the exemption of the import duty on beef for 2 months. Under this exemption, the sale of 100,000 tons of beef from the EC is negotiated with Brazil's National Food Company.

For more information, contact Emiko Miyasaka (202) 382-9054.

U.S. Agricultural Exports by Major Commodity Group

Monthly & Annual Performance Indicators Including Fiscal 1991 Forecasts

	January 1990	January 1991	Change	Year to Date Oct–Jan 1989–1990	Year to Date Oct–Jan 1990–1991	Change	Fiscal Year 1990	Fiscal Year 1991(f)	Change
	--Bil.$--		Change	--Bil.$--		Change	--Bil.$--		Change
Grains & feeds 1/	1.508	0.967	-36%	5.897	4.098	-31%	16.019	12.6	-21%
Wheat	0.347	0.188	-46%	1.414	0.870	-39%	4.224	2.9	-31%
Wheat flour	0.022	0.010	-54%	0.085	0.053	-37%	0.202	0.1	-50%
Rice	0.082	0.051	-38%	0.346	0.286	-17%	0.830	0.7	-16%
Feed grains 2/	0.797	0.450	-44%	3.091	1.809	-41%	7.962	6.0	-25%
Corn	0.687	0.396	-42%	2.723	1.528	-44%	6.929	5.2	-25%
Feeds & fodders	0.178	0.172	-3%	0.622	0.642	3%	1.812	NA	NA
Oilseeds & products	0.689	0.547	-21%	2.582	2.010	-22%	6.253	5.6	-10%
Soybeans	0.472	0.360	-24%	1.798	1.295	-28%	3.939	3.5	-11%
Soybean meal	0.114	0.083	-27%	0.361	0.315	-13%	0.990	0.9	-9%
Soybean oil	0.022	0.009	-58%	0.089	0.050	-44%	0.339	0.3	-12%
Other vegetable oils	0.035	0.040	17%	0.129	0.136	5%	0.394	NA	NA
Livestock products	0.445	0.478	8%	1.807	1.931	7%	5.418	5.5	2%
Red meats	0.167	0.206	24%	0.687	0.818	19%	2.181	NA	NA
Hides & Skins	0.155	0.142	-9%	0.574	0.518	-10%	0.468	NA	NA
Poultry products	0.062	0.078	27%	0.252	0.323	28%	0.856	0.9	5%
Poultry meat	0.045	0.059	31%	0.181	0.236	30%	0.624	NA	NA
Dairy products	0.020	0.023	16%	0.110	0.086	-22%	0.342	0.4	17%
Horticultural products	0.382	0.418	9%	1.520	2.009	32%	5.154	5.5	7%
Unmanufactured tobacco	0.122	0.116	-5%	0.520	0.597	15%	1.373	1.4	2%
Cotton & linters	0.323	0.365	13%	0.937	1.058	13%	2.719	3.0	10%
Planting seeds	0.088	0.095	9%	0.249	0.267	7%	0.580	0.6	0%
Sugar & tropical products	0.118	0.127	8%	0.467	0.572	22%	1.401	1.5	7%
Forest Products 4/	0.563	0.507	-10%	1.503	1.580	5%	6.431	NA	NA
Total Ag. export value	3.755	3.215	-14%	14.342	12.951	-10%	40.118	37.0	-8%
	--MMT-		Change	--MMT--		Change	--MMT-		Change
Grains & feeds 1/	10.727	7.502	-30%	42.354	30.703	-28%	113.555	NA	NA
Wheat	2.135	1.809	-15%	8.694	7.719	-11%	28.095	26.5	-6%
Wheat flour	0.096	0.051	-47%	0.368	0.275	-25%	0.88	1.0	14%
Rice	0.246	0.171	-31%	1.053	1.010	-4%	2.502	2.4	-4%
Feed grains 2/	7.037	4.213	-40%	27.806	17.017	-39%	69.031	54.8	-21%
Corn	6.060	3.671	-39%	24.517	14.278	-42%	59.878	47.3	-21%
Feeds & fodders	1.053	1.056	0%	3.772	3.893	3%	11.065	11.5	4%
Oilseeds & products	2.769	2.173	-22%	10.318	7.783	-25%	24.046	NA	NA
Soybeans	2.076	1.580	-24%	7.965	5.600	-30%	17.217	15.4	-11%
Soybean meal	0.517	0.416	-20%	1.620	1.513	-7%	4.558	4.5	-1%
Soybean oil	0.043	0.013	-71%	0.185	0.077	-59%	0.614	0.5	-19%
Other vegetable oils	0.057	0.065	14%	0.216	0.209	-4%	0.618	NA	NA
Livestock products 3/	0.445	0.478	8%	1.807	1.931	7%	2.381	NA	NA
Red meats	0.052	0.061	17%	0.244	0.240	-2%	0.676	0.7	4%
Poultry products 3/	0.037	0.055	49%	0.166	0.222	33%	0.564	NA	NA
Poultry meat	0.036	0.053	49%	0.162	0.212	31%	0.56	0.6	7%
Dairy products 3/	0.011	0.017	50%	0.066	0.052	-21%	0.214	NA	NA
Horticultural products 3/	0.369	0.380	3%	1.373	1.800	31%	4.565	5.0	10%
Unmanufactured tobacco	0.020	0.020	-2%	0.088	0.094	6%	0.22	0.2	-9%
Cotton & linters	0.195	0.219	12%	0.581	0.635	9%	1.703	1.8	6%
Planting seeds	0.072	0.070	-3%	0.191	0.175	-8%	0.578	NA	NA
Sugar & tropical products 3/	0.071	0.093	30%	0.286	0.376	31%	0.921	NA	NA
Total Ag. export volume 3/	14.716	11.006	-25%	57.230912	43.76946	-24%	148.749	131.0	-12%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural productt value totals.

Note--1991 forecasts are taken from "Outlook for U.S. Agricultural Exports", Feb. 27, 1990.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators

	January 1990	January 1991	Chg	Year to Date Oct-Jan 1989-90	Year to Date Oct-Jan 1990-91	Chg	Fiscal Year 1990	Fiscal Year 1991(f)	Chg
	--Bil.$--			--Bil.$--			--Bil.$--		
Western Europe	0.816	0.710	-13%	3.094	3.007	-3%	7.291	7.3	0%
European Community 1/	0.767	0.667	-13%	2.906	2.816	-3%	6.798	6.8	0%
Other Western Europe	0.049	0.043	-12%	0.188	0.191	2%	0.493	0.5	1%
Eastern Europe	0.075	0.022	-71%	0.142	0.136	-4%	0.519	0.5	-4%
Soviet Union	0.339	0.137	-59%	1.174	0.281	-76%	2.932	1.6	-45%
Asia	1.425	1.308	-8%	5.642	5.146	-9%	16.102	14.8	-8%
Japan	0.686	0.663	-3%	2.794	2.721	-3%	8.075	7.9	-2%
China	0.090	0.038	-57%	0.313	0.166	-47%	0.909	0.7	-23%
Other East Asia	0.454	0.434	-5%	1.879	1.659	-12%	5.204	4.6	-12%
Taiwan	0.170	0.163	-4%	0.752	0.587	-22%	1.816	1.6	-12%
South Korea	0.239	0.193	-19%	0.907	0.804	-11%	2.702	2.3	-15%
Hong Kong	0.045	0.078	72%	0.220	0.269	22%	0.685	0.7	2%
Other Asia	0.192	0.170	-11%	0.653	0.585	-10%	1.915	1.7	-11%
Pakistan	0.048	0.000	-99%	0.160	0.059	-63%	0.391	0.2	-49%
Philippines	0.029	0.028	-3%	0.105	0.131	25%	0.351	0.4	14%
Middle East	0.164	0.096	-41%	0.700	0.469	-33%	1.928	1.8	-7%
Iraq	0.046	0.000	-100%	0.207	0.000	-100%	0.491	0.0	-100%
Saudi Arabia	0.030	0.032	6%	0.153	0.189	23%	0.447	0.6	34%
Africa	0.189	0.174	-8%	0.709	0.624	-12%	1.911	1.7	-11%
North Africa	0.159	0.140	-12%	0.574	0.481	-16%	1.433	1.3	-9%
Egypt	0.076	0.071	-7%	0.310	0.252	-19%	0.740	0.7	-5%
Algeria	0.053	0.046	-12%	0.144	0.151	5%	0.419	0.5	19%
Sub Saharan Africa	0.030	0.035	15%	0.134	0.143	6%	0.478	0.4	-16%
Latin America	0.724	0.743	3%	2.653	3.093	17%	8.849	5.0	-43%
Mexico	0.198	0.219	11%	0.926	0.834	-10%	2.662	2.5	-6%
Other Latin America	0.204	0.187	-8%	0.866	0.901	4%	2.479	2.5	1%
Brazil	0.004	0.015	240%	0.042	0.124	193%	0.104	0.2	92%
Venezuela	0.010	0.020	105%	0.081	0.097	20%	0.346	0.4	16%
Canada*	0.322	0.337	5%	0.861	1.358	58%	3.708	4.0	8%
Oceania	0.026	0.027	4%	0.105	0.129	22%	0.304	0.3	-1%
World Total	3.755	3.215	-14%	14.343	12.952	-10%	40.115	37.0	-8%

*Prior to 1990, it is estimated that U.S. agricultural exports to Canada as reported by the Bureau of the Census were understated. Data prior to January 1990 have not been adjusted.

1/ Excluding East Germany prior to fiscal 1991; including East Germany in fiscal 1991.

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 3/21/91	Month ago	Year ago
Wheat (c.i.f. Rotterdam) 2/			
Canadian No. 1 CWRS 13.5%	151	144	193
U.S. No. 2 DNS 14 %	146	NQ	175
U.S. No. 2 SRW	139	131	180
U.S. No. 3 HAD	152	151	178
Canadian No. 1 durum	156	155	186
Feed Grains (c.i.f. Rotterdam) 2/			
U.S. No. 3 yellow corn	131	126	129
Soybeans and Meal (c.i.f. Rotterdam) 2/			
U.S. No. 2 yellow soybeans	239	242	246
U.S. 44 % soybean meal	NQ	NQ	NQ
Brazil 48 % soy pellets	192	204	211
U.S. Farm Prices 3/ 4/			
Wheat	94	89	127
Barley	79	82	85
Corn	93	89	94
Sorghum	88	86	81
Broiler 5/	1,141	1,146	1,338
Soybeans 6/	214	211	220
EC Import Levies			
Common wheat	225	207	116
Durum wheat	240	281	153
Barley	187	228	97
Corn	165	197	110
Sorghum	180	211	116
Broilers	466	NA	282
EC Intervention Prices 7/			
Premium Wheat	223	247	152
Common Wheat	218	242	149
Feed Wheat	208	231	142
Maize	218	242	149
Barley	208	231	142
Sorghum	208	231	142
Broilers 9/	1,367	NA	946
EC Export Restitution (subsidies) 8/			
Common wheat	129	164	65
Barley	123	148	72
Broilers	422	NA	347

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in $/ECU exchange rates.

1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, c.i.f. Rotterdam for nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in $/metric ton: wheat, $147; barley, $108; corn, $107; sorghum, $103. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates; (*) denotes no award given since the previous month. 9/ Represents a "Sluice-gate" price.

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